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# WALL STREET BY THE BACK DOOR

BY THOMAS D. RICHARDSON.

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JAMES R. KEENE.

*"Full grown, succulent Southdown mutton is his diet."*



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# WALL STREET

BY THE

# BACK DOOR

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BY

THOMAS D. RICHARDSON

CARICATURES BY

HOMER C. DAVENPORT

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WALL STREET LIBRARY PUBLISHING CO.

PUBLISHERS

9-15 MURRAY STREET

NEW YORK

DEFS 17E

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# Wall Street by the Back Door

## CHAPTER I.

### Inside Information.

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#### MANY FACTS NOT GENERALLY KNOWN.

It is the exact truth to state that there are two Wall streets—both located in New York City: first, the widely known thoroughfare of that name, extending east and west from Broadway to the East River, with the imposing ancient landmark, Trinity Church, at its Broadway head; \* the other, ordinarily

\* School books and histories agree that the name was given to this street by the earliest Dutch settlers of Manhattan Island, who erected a wall at that point for the purpose of defense against the Indians.

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## Wall Street by the Back Door.

yclept "The Street" by its habitues, includes a reference solely to that structure known as the New York Stock Exchange. Of course the reference to this building, *per se*, does not exclude its occupants, the brokers, but rather embraces the two. Otherwise the cognomen would be shorn of its actual significance and become another Hamlet, with Hamlet omitted.

It is with this American Bourse, then, that we have to do, and those who may care to follow the facts presented are assured unique experiences and strictly logical conclusions. Notwithstanding the fact that "there is nothing new under the sun," the postulates herein advanced, and the citations of examples in support of the deductions made, will, as a whole, be new to many

## Inside Information.

readers, and, it is hoped, entertaining to all. As there are two Wall streets, each widely differing from the other, so, likewise, there are two sets, or classes, of potential factors in the "Street."

Much as these two—the broker and the manipulator—are ordinarily supposed to resemble in their transactions the Siamese twins, the fact remains that the broker rarely knows the manipulator in his purchases or sales. Nor does ye broker care to know him, if he could. He gives not a rap for him. All the broker's interests lie in the financial solidity of his presumed patron.

On the other hand, the manipulator of "deals" in listed stocks must—and does of necessity—preserve his incognito both from the brokers and public (or lambs) alike.

## Wall Street by the Back Door.

This mutual agreement, therefore, between "supposed twins," is an anomaly, at first glance—some may even declare it to be a paradox. The evidence in support of the proposition should be orderly stated:



First, an examination of the status of the brokers, and then routine business methods, is in order.

Membership in the New York Stock Exchange is a much-coveted honor, but expensive, unless the member enjoys a considerable clientage. "Seats"—which signifies standing room only, there being no actual seats—command fabulous prices, varying with eras of prosperity on the "Street," and throughout the country at large. These carry a handsome life insur-



## Inside Information.

ance policy, and, all other conditions being equal, the broker earns large fees, and spends his income like a prince. But the source, real head, and actual patron is unknown to the broker. He receives, at each "call," an order to buy or to sell designated stocks, which come almost invariably from a bank. His commissions, buying or selling, are his first interest; the second being the soundness and stability of his supposed patron. As a matter of fact, the broker could not, if so inclined, possibly know whether the bank was acting for itself or for some one else. This is true, too, because the bank issuing the order is itself unaware of the identity or interested motives of its client. So the bank and the broker each are coadjutors in stock transactions,

## Wall Street by the Back Door.

and are severally and collectively ignorant of the "power behind the throne."



Many, even most, self-styled financial writers usually declare that Wall Street discounts everything. In a limited sense this has some truth upon which to rest. It cannot, for example, be gainsaid that the transactions daily emanating from the New York Stock Exchange do set the pace and legalize the market value thus stamped upon all securities authorized to be dealt in thereon. The brokers, nevertheless, are never pawns upon that financial chessboard; only liliputians in the financial arena in which they are commonly believed to be monarchs; willing, yet ignorant servitors of an unknown master. In short, it can be demonstrated almost

## Inside Information.

to a mathematical certainty that the fluctuation, rise and fall, of all listed stocks is a fiction, mildly expressing the fact. It is true that *values*—so-called—in listed stocks, do rise and fall daily; men, corporations, communities, are only too frequently swallowed beneath the chaos which violent panics in Wall Street entail. These are frozen facts, known to all, and incontrovertible. Nevertheless, the position can be advanced to demonstration, and will be, that variations in quotations are myths, bugaboos, will o' the wisps, in the last analysis.

Finally, the orderly and systematic arrangement of data bearing upon and emphasizing this affirmation has been reserved for appropriate sequence.

If neither the bank nor the broker is a

## Wall Street by the Back Door.

potential entity, then, in the rise and fall of stocks, who is? The subject is a vast one, even vaster, in its connections, than many casual thinkers might imagine.

Each necessary cog in the wheel must be examined. There are not many. The boss and his servants compose and comprise nearly the entire family.

But that's another story.

## CHAPTER II.

### The Real Manipulator.

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REASONING BY REDUCING A POSITION TO AN  
ABSURDITY.

North America has produced many rare specimens of genius, each product labeled with a fitting name. The real "insider" in stock manipulations is a peerless monarch when consideration is given to his attributes, characteristics and achievements. His characteristics are as varied as his conquests. One of these traits may sufficiently accentuate this averment. He is dumb as to his business connections, yet in other spheres of

## Wall Street by the Back Door.

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social environments genial and even loquacious—but never bibulous—ah! no, never. He herds in a flock, in the one instance all by himself; in the other, he is a *bonvivant*!

Students of geometry, to a man, recollect their adolescent struggles in attempting to solve the “Pons Asinorum.” The arguments, in that renowned problem, have come down through the ages, labeled in Latin terms, unchanged, even in the steady march to simplified diction and plain Anglo-Saxon phrases.

All such readers, then, will at once meet an old acquaintance in the term employed for explanation. That term is: “*Reductio ad absurdum*,” or, in plain English, “Reducing a position to an absurdity.”

The position assumed in these pages will

## The Real Manipulator.

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be found to have one of its basic foundations supporting such a style of argument. It will be pointed out, as the story progresses, that the propositions advanced *must be* true, for their converse would be a manifest absurdity. Lawyers are frequently compelled to use circumstantial evidence in murder trials, or none.

Writers upon philosophical matters, on the other hand, always have been characterized by their use of analytical forms of reasoning. The subjects under treatment herein will be analyzed by the use of all such facts and agencies, and by *others* as well. Unambiguous terms will be employed. A spade will be called a spade; a hoe, a hoe. The ice may seem thin, now and then, separating the skater from the



## Wall Street by the Back Door.

whirlpool of libel. All redundant, irrelevant, untruthful dicta will be emasculated from the text and context, if attention, knowledge of the subject, and lack of malicious intent can curb such steeds.

Apropos of the word "hoe," it may as well be here stated that much will be said of the "man with the hoe," and that humble, yet useful, implement, will likewise be utilized — perhaps metaphorically — to emphasize the matter under consideration.

The real insider (for there can be but one such at a time), the individual who actually causes the rise and fall of listed stocks in the "Street" (by which is meant New York Stock Exchange, and for brevity it will henceforth be so expressed), employs a multitude of men and methods. He is a



## The Real Manipulator.

veritable, yet modern, agriculturist—not a Cincinnatus, never having been summoned to his avocation by others. He cultivates, most assiduously, yet thoroughly, his demesne. Why, then, should he not use a “hoe,” pray? Malicious critics were accustomed to declare that Gould, a past-master in this list of insiders, was a gardener, and daily entered his garden to pray. These critics, however, were insistent to the last, that Gould’s invocations on such occasions should be spelled with an “e,” not an “a.”

An insider, like a poet, is born, not made. He finds his sphere as water does its level. The cultivation he practises needs now to be particularized. Unlike the ordinary husbandman, a genuine manipulator uses his hoe, like Aaron did his rod, to cause

## Wall Street by the Back Door.

those assembled to witness autocratic power.

The Aaron rod, we are told, budded and finally swallowed things. Yet we are also informed that the same rod, in the hands of Moses, seemed, at times, weighty. The Moses handling of the rod required, for some reason, that Hur and Aaron, on the right and left hand, respectively, should hold up the prophet's arms.

Not so with our insider. His hoe, or rod, or wand, or trenchon, as the case may be, isn't so heavy but that he wields it alone and unaided. To drop the metaphor, let's examine a few instances.

The primary prerequisite of an insider is a broker, to execute his behests. These gentlemen (for they are mostly above suspi-

## The Real Manipulator.

cion, like Cæsar's wife, "come high." Their seats command an outlay, varying with good times, of from \$25,000 to \$70,000. Their hands, too, must be clean in outside business, as well as in their dealings with each other *and their clients*. They must pay their bills. Harpies of every kindred, tongue, and clime lie in wait for them when off duty. Club dues, too, eat up fabulous slices of their earnings. Many of them maintain steam yachts, country seats, opera boxes—in short, their incomes must needs be princely, else collapses would often follow them; yet but few brokers ever fail.

All they, in their time, need can be summarized under two general heads: First, a membership seat; then patrons. The fluc-

## Wall Street by the Back Door.

tuations of the tape values (?) have no terrors or charms to a broker who is the legitimate type. Like the Southern negro parson's definition of chicken-stealing: "We catch 'em comin' and goin'—bo'f ways."

Rise or fall as they may, stocks *must* be bought and sold by a broker. On these sales he lives, moves, and has his livelihood, in the commissions he exacts. They are his *pabulum*. He may not divide commissions, else the governors of the Stock Exchange, on conviction, will cast him out without recourse. He can, however, minimize his charges when employed by the year.

*This* is the *opening* for the entry of the insider. He employs a considerable number of brokers at annual rates, and they

## The Real Manipulator.

know him, then, and others in transactions. They likewise know the individual in a few unimportant transactions, later along, showing good faith on the part of each to the contract. They also know the insider personally, and are sometimes fellow clubmen, turfmen, yachtsmen, and other like, brushing shoulders with him—"only this, and nothing more."

The legendary Man with the Iron Mask is no more of a mystery to the brokers than are the "deals" of a manipulator whose chestnuts they rake from the fire.

These are unsupported assertions, it may be alleged; yet they can be verified. It may also be urged against the preambles that strict adherence has not, apparently,

## Wall Street by the Back Door.

been given to the announced plan of discussion.

Patience; softly; "By the back door" is one caption only. Inside information, like circumstantial evidence, doesn't grow on every bush. The shoe will probably pinch, and one needn't put one's ear to the ground to detect the approaching storm. Even biblical anathemas may (as they once before have) be used to "throttle the monster viper, poisoning the air with his venom." Only thieves and robbers (of one's character) enter by back doors, may be probably again heard—truth, though, always prevails. The "laager" (to employ the vernacular of recent South African messages), or camp, in which dwelleth the insider, is not yet described, hence the delay in rounding out asservations.

## CHAPTER III.

### Arranging the Guns and Laager.

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THE MEN BEHIND THE GUNS STILL INVISIBLE.

“The voice is Jacob’s voice, but the hands are the hands of Esau.”

Previously it has been shown that there are men behind the guns in Wall Street stock manipulations, as in war. The Wall Street laager, or camp, in which dwells the insider, or manipulator, must needs be arranged with consummate skill. The identity of the insider inside or out of laager once known, the daily transactions in a deal would—must—stop.

## Wall Street by the Back Door.

No more astute citizens are to be found, in any given sphere, than the New York Stock brokers.

The lambs, or public, are little less, if any, wide awake. It behooves the wizard, therefore, to conceal his identity and arrange his plans with matchless cunning. And he always does, as a rule. Exceptions are now and then noted on the financial horizon. "Deacon" White and James R. Keene once departed from this safe rule in their disastrous wheat corners. So did Uncle Russell Sage in "put and call" days. All three have learned better—cut their wisdom teeth.

Our friend the insider is never a broker. There have been but three great insiders in American history, not one of whom was ever so much as a member of the Stock Exchange.







JAY GOULD.

*"The wily wizard was a bit of a lawyer, too."*

## Arranging the Guns and Laager.

Having selected his broker, then, the insider must be shown to have exhibited another phase of cunning. The financial standing of a broker is a matter of no moment whatsoever, paradoxical as the assertion sounds at first mention. His probity and general reputation must be *A1*; not so his bank account, although many of them are actually millionaires. If he is solvent, well and good; his transactions then simply "go through."

If he be insolvent, his "short" or "long" stocks, as the case may be, are sold "under the rule," or for cash. This clears up a seeming paradox.

First, last, and all through any deal the insider must—always does—maintain absolute control of more than three-quarters of

## Wall Street by the Back Door.

the capital stock of the concern which he is popularizing.

Any and every exception to this rule always eventuates in disaster to the insider running the pool.

It may seem less dogmatic, perhaps, to some skeptical readers, to *prove* this statement.

(1) When Flood, Fair, Mackay, and O'Brien manipulated (always and solely through Flood) the great Bonanza deal, floating an aggregate investment (by "outsiders") of more than four hundred million dollars, this ratio of control of the stocks *was always* in Flood's strong-box. It was an instance of selling goods and still retaining them. It is always so, always will be, must be, in all real deals. Flood paraded

## Arranging the Guns and Laager.

the contents of his strong-box, holding only this control, again and again, to newspaper reporters, brokers, lambs, et al., by all of whom he was constantly assailed for bearing his own stocks. Nothing like ocular demonstration to spike such guns, and the man behind the guns was there to spike them when needful. Flood ran the entire deal, from start to finish, with the gigantic sum of \$400,000,000 of actual pay-gold in sight in the mines, as demonstrated by world-famed specialists, and corroborated subsequently by that amount produced. He simply sold investors, gamblers, those who take "flyers," margin dealers—all who would buy, or even nibble—sold them stock, *yet he never lost control of three-quarters of the stock.* In the wind-up he

## Wall Street by the Back Door.

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and his confreres had the \$400,000,000, the lambs had the experience—and the actual capitalization still remained with Food. Of course, this particular deal presented the pleasant opportunity of levying assessments upon stockholders, in default of payment, while the stock reverted to Flood. But it must be borne in mind that the same is true in the East, in railway, industrial, and other corporate properties where assessments are as common, if not as numerous, as autumnal leaves in Valambrosa. “Opportunities make thieves”—sometimes.

(2) Years later that wizard of wizards, Jay Gould, did precisely the same thing in “M. O. P.”\* and two or three other stocks. He trotted out *his* strong-box, under similar

\* Missouri Pacific.

## Arranging the Guns and Lager.

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conditions of outcry ; exhibited his absolute control of more than three-quarters of the capital stock, and that, too, despite the *hundreds of thousands* of shares officially *reported as sold on the tape* of the Exchange — *and so recorded, too.*

The heirs of that illustrious exotic still control the management of most properties bequeathed by the late deceased.

(3) Later still the now defunct old “Public be D—d” engineered the renowned “Lake Shore” deal. Here, too, once again came in the exhibit to newspapers, brokers, and lambs of the *possession and control, unbroken*, of the ownership of the stock.

As in the Gould deal, so in that of Lake Shore, the peg was pulled out and down plunged the stock from \$180, or \$80 above

## Wall Street by the Back Door.

par, to \$50 below par, and yet the control always remained, and still does, with the peg owner.

Funny, isn't it? Fact, nevertheless, and of record.

(4) Lastly, for illustration and confirmation of the positions assumed, the celebrated "Manhattan Elevated" corner, conducted by Cyrus W. Field, of international renown, as a cable man, but a man of straw in contact with an insider, will suffice.

Cyrus was cunning, not shrewd, not deep, as events prove. He was in the heyday of his fame, and had seen his name and achievements so frequently exploited in write-ups that this may, in charity, have unbalanced his brain, for later in life he purchased an afternoon newspaper.





CYRUS FIELD.

*"Cunning, not shrewd, not deep."*



## Arranging the Guns and Laager.

His lack of knowledge in deals was shown from the fact that he only owned a trifle more than one-half of the capital stock of Manhattan.

That was the rock on which he foundered. The whole-thing type, the Simon-pure insider, never makes such a mistake. Cyrus had his newspaper deprecate the management of Manhattan, cast systematic and persistent slurs upon the earning capacity—in short, he attempted to “down” his own investments. Cunning Cyrus.

Like all real insiders do, our Cyrus went short of his own stock, buying through one broker and selling through another. A Boston lamb was finally enmeshed, speared by crafty Cyrus, who then reversed his tactics, of course, and squeezed the Hub pet

## Wall Street by the Back Door.

of Little Mary fame until the poor thing settled at \$180 per share on some 15,000 shares shorted at about \$50. A little figuring with pencil and paper will show the fleece garnered.

To maintain this fictitious market price of \$180, and that, too, on a non-dividend-paying stock, as it then was, cost this good man dearly. All the dumpings and unloaded holdings of the hungry holders of *nearly* one-half of the stock, by outsiders, fell into Cyrus's coffers *nolens volens*.

Jay Gould dumped this lot on poor old Cyrus, and when the old man collapsed, financially and mentally, Gould openly boasted: "We have left Cyrus Field his real estate, anyway." Gould, later on, owned Manhattan Elevated.

## CHAPTER IV.

### *An Insider Who Was Only a Fake.*

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A MODERN RED-HAIRED ABSALOM.

A "fraud" or "failure," in the vernacular of the Street, is a would-be, self-styled insider, or stock manipulator. The specimen is few and far between. His grapes are always sour. Like a perambulating scissors-grinder, he trumpets his approach. He even pays for his newspaper puffs. The real thing, on the other hand; prefers darkness rather than light. The fish enmeshed in his net never know their captor. It has

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## Wall Street by the Back Door.

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heretofore been shown that the real insider resides in a laager. The contrast, therefore, of a fraudulent type of this limited class will be sufficiently understood, it is hoped, as forming the basic intent of this illustration. Let's look at the contrast, then, by calling names out in meeting.



Albert Stockwell, the son-in-law of Howe, of sewing-machine fame, once entered Wall Street with \$4,000,000—of his wife's money. He was a *Novus Homo* in the broadest acceptance of the term, and heralded his *entre* much after the fashion of the clown entering the circus ring.

(1) He selected "Pacific Mail," became its president, began his manipulation (?) of the stock, joined many of the clubs, paid

## An Insider Who Was Only a Fake.

cash for his newspaper puffs, and soon became "President Stockwell" whenever and wherever spoken of or addressed.

(2) The stock soon soared skyward for a time. Reams of it came out on the market, causing a depletion of the bank balance of the president in consequence. Prices must be maintained.

He must either buy all offerings at the fictitious market price or see a collapse of quotations. Clubmen, bankers, the Street, indeed, knew the status of the man and his deal, and called him "Stockwell." His financial back, or vertebræ, soon became worse twisted. He was on the familiar treadmill, seeking in vain for further loans upon his collateral.

(3) The end came finally, and brought

## Wall Street by the Back Door.

with it his only gratuitous or unpaid puff. With his collapse the knights of the pencil, in quest of an authentic statement as to rumors, secured an audience. The victim in one of these interviews summed up his own case tersely thus: "Once I was President Stockwell," then I was afterward called "Stockwell," now I am known simply as "that red-headed Stockwell"—"hoisted on his own petard."



An even more recent incident may emphasize the position taken. Even so conservative a publication as the New York *Herald* declared, in April, 1900, in forceful Anglo-Saxon, that a much smaller figure than Stockwell (one John W. Gates) was on the rack. The *Herald* affirmed: "A few



## An Insider Who Was Only a Fake.

weeks ago Gates came prominently before the public eye because of his self-advertised winnings. Now to introduce the name of Gates is to invite a torrent of profanity. It is doubtful if public opinion against Jay Gould and Jim Fisk ever ran higher than it now does against John W. Gates, who has come out of the West and sandbagged Wall Street."

And yet the usually well-informed *Herald* misses the point of its comment later along, in another article, by stating that Gates spoiled a bull market. Not possible; no such man, nor a regiment of them, could, for even a day, make or unmake a bull or bear market in Wall Street. All such allegations are mere moonshine.

"One swallow doesn't make spring."

## Wall Street by the Back Door.

Neither does, nor ever did, nor ever can, such types of insiders as Stockwell and Gates, constitute the specimen under review. The true manipulator has a game of his own, like the owners of Monte Carlo. He never plays at another man's game—and therefore succeeds, as will be seen later on.

Curiosity may be aroused by those who follow these pages as to the identity of the veritable and genuine, living Insider. If it shall be truthfully and logically shown, as we proceed, that no one else than the individual under treatment could or can possibly fill the requirements of the clothing being constructed for him herein, well and good. The subject deserves the painstaking, laborious experienced analyses to be employed in his identification.

## An Insider Who Was Only a Fake.

To anticipate, for a moment, the explanation, it may be stated that his identification will not be guesswork to those who may follow these conclusions. There will be no need to employ the high-sounding terms of a sophomore, and head the explanatory and culminating chapter, when it is reached, as "*Ecce Homo.*"

"All shall know him, then, from the least to the greatest"—of those who may follow the developments as they proceed.

Some one may ask: "Is there only one real insider in North America, then?"

We shall see.

## CHAPTER V.

### How Lambs Are Sheared.

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#### WHO DOES THE SHEARING?

The New York Stock Exchange has frequently been called a "slaughter house," an "abattoir," and other equally malodorous names. Perhaps the critics squirmed from burnt financial fingers! The fact cannot be controverted, however, that the tape quotations, recording fluctuations of listed stocks, and emanating from that maelstrom, have scuttled many crafts. The brokers make the prices, press the button; the unseen shearer does the rest.

## How Lambs Are Sheared.

One writer, in a Gotham paper a decade or more ago, exploited the game—*for a time*. In one article he said: “Gould’s career in the Street is blazed by annual head and foot stones, marking the graves of his victims.” He then particularized, mentioned names, dates, facts—in a word, began a logical demonstration of his subject. Like David of old, he soon slept with his fathers.

Let us particularize, too. The “Third Avenue” deal, in March, 1900, offers an example worthy of study, and an examination of official data bearing upon the matter.

In the realm of gilt-edged dividend-payers Third Avenue seemed practically peerless. The congested traffic over its lines

## Wall Street by the Back Door.

increased steadily. Its treasury bulged with the plethora of \$16,000,000 in cash. The stock soared to \$250—par being \$100—and as a seven per cent. dividend-payer, some even predicted figures next to Standard Oil stock, then about \$300.

“A speck, no larger than a man’s hand,” arose on the financial horizon one day. Rumors, always unauthenticated, were noised about the Street, in which “a reduction of Third Avenue’s dividend is thought probable,” and “the directors, as is learned from sources of credible authority, will scale the quarterly dividend to six per cent. annual rate.”

These, and kindred rumors, caused a ripple. Other stones, and larger ones, were cast into the pool, and the ripples grew to

## How Lambs Are Sheared.

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waves. Small holders saw the \$250 quotations scaled to \$200, and in short order. Then came a landslide into the pool of waters, followed, in rapid succession, by a glacier, and the stock tumbled from \$200 to \$150, then to \$100 (par), then to \$50, a clean fall of 200 points. All small holders, all "stop orders," all minor impediments, were ground to atoms. Even a \$60,000,000 deficit was affirmed to exist, while the \$16,000,000 cash in the treasury was *declared* to be only a myth.

At \$50, however, the glacier found a footing—like Noah's dove when liberated from the ark—and began its upward course. The poor lambs—those innocents with short purses, or horns—were spitted.

From \$50, the squeezing began, and the

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## Wall Street by the Back Door.

shorts, who saw bottom at \$5 (even less), and those also who predicted the levying of an assessment of \$25 per share on the stock—all these lambs were sheared. The stock soared upward once more. Who caused the reaction? Every effect must have a cause. Who determined upon and anchored the wreck at \$50? Who even used the Associated Press, generally recognized as trustworthy, to disseminate contradictions of unfounded rumors? Perhaps it may, one day, be a solved mystery. Who!

This illustration would, perhaps, be deemed incomplete, even incongruous, by some, were more details not given. Apropos, therefore, of the part played by the insider in utilizing the Associated Press, here is an example of the craftiness. The



## How Lambs Are Sheared.

item below was brazenly scattered broadcast and read, in April, 1900, when issued, as follows :

### *THIRD AVENUE CASE DROPPED.*

---

*Grand Jury Found Nothing Criminal in the Wrecking.*

NEW YORK, March 29. — The Grand Jury has abandoned its investigation into the alleged wrecking of the Third Avenue Railroad Company.

This fact was announced to-day by Assistant District Attorney Unger, who said he had advised that body to discontinue the inquiry because there is nothing to show the violation of any criminal law.

As a literary gem, the above is unique. As a Delphic oracle effusion, it was a success.

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## Wall Street by the Back Door.

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Why, certainly, by all means, let the investigation cease. Even our gatherers of news, from the highest to the lowest, often seem to be under the control of the real insider when a deal is on or off.

Oh ! it was pitiful ;  
Near a whole city full ;  
Friends it had none.

Even this old saw was trotted out as a sort of requiem over the remains. The picture soon became kaleidoscopic, however, and the squeezing grew even amorous in its intensity. The shorts literally tumbled over themselves in attempting to cover, and the spectacle was enlivened accordingly by watching the assiduous and conjoined effort of two allied forces, the shorts and the insider, each boosting the poor, erstwhile, putrid remains.

## How Lambs Are Sheared.

---

Up went values (save the mark), and \$125 was soon recognized as about the proper figure at which shorts were to be corraled.

The shearing was complete. The wool was carefully housed.

The “nasty rumors” against the integrity of the management, as also vs. the Gibraltar-like stability (financially phrased) of the corporation, were duly characterized as so many libelous effusions.

Lastly — not least — the Metropolitan Traction Company was discovered one bright morning to be announced as the owner of the control of the Third Avenue’s stock. The farce was ended.

*(Curtain.)*

## Wall Street by the Back Door.

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Head lines were abundant. Head and foot stones were in order. Perhaps they will be seen later. The victims of the squeezer were legion. The wrecking was a veritable juggernaut, and our genial friend, the Insider, drove the machine from start to finish. His identification has not yet been heralded and placarded abroad. Time and patience may solve the mystery.

“When found, make a note of it,” was the immortalized Captain Cuttle’s favorite expression .

“No rogue e’er felt the halter draw,  
With good opinion of the law.”

## CHAPTER VI.

### Two Shearers and Their Methods

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#### AN ACCOMMODATING JUDGE.

In a previous chapter it has been pointed out how lambs were sheared. The present purpose is an attempt to designate one shearer—analyze a few of his methods—indicate the second shearer, and point a moral as well. Of course, men will continue to speculate while we continue to sojourn on this planet. They will also continue, as a majority, no doubt, to play at another man's game, and be fleeced accordingly. These pages, therefore, will not be

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encumbered with gratuitous advice (rarely taken), cautioning nibblers to let severely alone all stock dealings. The iniquitous and devious methods of the manipulator will continue to be the theme discussed.

Daniel Drew, than whom no more crafty financier, perhaps, ever lived, will be selected as a typical shearer.

He was the discoverer of the value of court injunctions in *assigned causes* for changing the courses of listed stock quotations.

"Uncle" Daniel was almost uniformly discovered to always have stocks for sale when they were advancing, and was constantly found to be short in the market when stocks were tumbling.

He crossed swords for years, and with

## Two Shearers and Their Methods.

great financial success, against that wizard of finances, the lately lamented Gould, in manipulating and finally wrecking Erie.

Uncle Daniel gathered many baskets of loaves and fishes in these encounters. In fact, his enemies were wont to declare that he had but seven principles—five loaves and two fishes.

However the truth may exist, the fact remains that Uncle Daniel ultimately assumed a sanctimonious demeanor. He likewise became philanthropic at this epoch of his career, endowing in New Jersey (whose courts had given him so many friendly injunctions) a seminary. It was for male students, bear in mind, and those of theological proclivities only.

This institution was built and equipped

## Wall Street by the Back Door.

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by the illustrious namesake of the man commonly associated with the den of lions in Scripture. He likewise endowed it handsomely (there was a string to a part of the endowment, but that is another story) to the extent of some \$400,000, and only—modestly—required in return that the institution should bear his name. It does.

Uncle Daniel's wily antagonist was sanctoriously inclined, too. As has been heretofore mentioned, he was a devout *preyer*.

Jay Gould found a most congenial running mate in the person of Jim Fiske. These two worthies claimed to own Erie, and made out a tolerably clean title to their claim. The sequel shows their masterful control of the situation, at any rate. They played the Samson act, and wrecked Erie





DANIEL DREW.

*"No more crafty financier ever lived."*



## Two Shearers and Their Methods.

and Uncle Daniel simultaneously. Drew pulled himself together for one more effort to retrieve his fortunes. He showed the cloven foot, however, and pointed out the African in the woodpile, by withdrawing the \$400,000 endowment, or much of it, from his pet seminary. This working fund was speedily swallowed in Wall Street, and the venerable, cunning, and original-method-all-around Daniel died a pauper.

How did Gould accomplish it? Let's see. Gould's methods were very simple. Uncle Daniel, at the zenith of his prosperity, owned a very convenient printing press in New Jersey. He ground out stock *ad libitum*. This unstinted supply of stock, together with the injunctions mentioned, compelled Gould to adopt heroic methods,

## Wall Street by the Back Door.

if he could save himself thereby. Gould was the president and Fiske secretary and treasurer of Erie. Their offices were ablaze with rich tapestries and gilded ceilings. All the arts of the decorators were exhausted in their embellishment. Life-size oil portraits of Gould and Fiske hung on the walls, with a space separating them large enough for another portrait. These portraits were designated as "the two thieves of Calvary, with Christus lacking in the middle of the group," by that famed wit, W. R. Travers.

To correct the seeming digression: Gould simply took \$9,000,000 cash and securities from the Erie treasury. The wily wizard was a bit of a lawyer, too, as the incident showed, and his weather eye was well kept

## Two Shearers and Their Methods.

on the District Attorney's office after the appropriation. Accordingly, we find history to show that Jay Gould, in his own handwriting, entered upon the books of the Erie corporation a statement substantially reading thus: "Nine million dollars taken by Jay Gould from the Erie Railroad treasury, subject to call and demand by the stockholders or proper officers."

Of course, our venerable Uncle Daniel soon discovered this "loan," and promptly had Gould arrested for theft. The arrest occurred in New York City late one Saturday afternoon, and after the adjournment of the courts, probably in the hope that the wily wizard might not be able to secure bail bonds, and would then have to lie in the Tombs over Sunday. Uncle Daniel

## Wall Street by the Back Door.

underestimated his enemy's resourcefulness. Gould had convenient bail—an accommodating judge. The result has been before stated, viz., collapse of Drew, and Erie, too.

Of course, civil action followed. On demand by the proper officials, Gould made restitution of the \$9,000,000. The same had been done before in a New Orleans "Spoon " transaction.

The actual method of manipulation in the case offers no material difference to that pursued in others, always granting that all other requirements are equal, and that the captain of the craft treads the quarter-deck during the deal.

To illustrate: Let ten brokers at any call receive satisfactory orders to sell 110,000 shares of any given listed stock, and execute

## Two Shearers and Their Methods.

the order. Let ten other brokers, under like conditions, buy 100,000 shares of the same stock. Result, 10,000 shares, at \$100 per share, have been marketed. A tidy transaction, but by no means an unusual one.

It needs, now, no further proof to truthfully reaffirm that the insider must, from the nature of the case, be incognito to all brokers, banks giving them his orders, and those receiving his orders.

Some one may ask, Can it be shown that any living man in America can now pose as such an adroit, matchless Jekyll and Hyde personage? Yes. Emphatically yes. Be it understood, however, that there is only one such *now*. Who is he? Patience.

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Nathan said unto David,

“Thou art the man.”

## CHAPTER VII.

### Still Another Insider's Deal.

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#### SOME MYSTIFYING MANIPULATIONS.

The American Sugar Refining Company, otherwise commonly known as the Sugar Trust, has 369,680 shares of common stock. From March 1 to April 6, inclusive, of 1900, the total sales of "Sugar" shares were officially recorded as 2,300,630 shares, or more than six times the whole number of shares in existence.

Whence did they come?

Who sold them?

Who bought them?



## Still Another Insider's Deal.

Sugar fluctuated, as our friend the manipulator pulled the strings, from 103 up to 120, within a few days during April, to cite one single epoch.

The shorts and longs alike were fleeced. The twaddle, even idiotic at times, of some of the great dailies, in their alleged reviews of the financial affairs of that particular date, merits quotation here. Its perusal will shade the contrasted positions assumed, if nothing else be accomplished.

Let us quote from two of them: "The movement of prices in to-day's (April) stock market largely represented a contest of speculative forces for supremacy. The force of reaction finally prevailed, and the market closed decidedly weak and at a lower level."

## Wall Street by the Back Door.

And again, from another great daily: "This lower-level result was achieved after many vicissitudes and extreme irregularities, but the mere fact of the presence of an aggressive bear clique in the market served as a deterrent to the buying demand from the outsiders, which has constituted the underlying strength of the market."

If this is anything but wind, meaningless words, then indeed is it undiscoverable.

The manipulation of "Pennsy" \* in the same month was a noteworthy and smooth transaction. Pennsylvania is a "half-stock," like "Lackawanna" and a few others. Some readers may not understand the meaning of half-stock. This term signifies that Pennsy's par value per share is \$50,

\* Pennsylvania Railroad.

## Still Another Insider's Deal.

but when listed on the Gotham Exchange it complies with the requirements of that institution and is quoted and traded in at \$100 per share.

No novice could have engineered Pennsy's recent authorized allotment of stock. He must have been the true blue, able to fool the Exchange, its members, and the public. And he did.

In round numbers, some \$13,000,000 of the stock was desired to be sold.

Preference was alleged to be conceded to stockholders of record. The sequel showed that the price was screwed up, by masterful manipulation, from \$132 to \$145. It was caused to advance by slow strides, in small lots, and the nibblers took the entire allotment chiefly on margin.

## Wall Street by the Back Door.

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In the reaction which soon followed Pennsy came down from its lofty quotations, falling below \$127. The difference between \$127 and \$145, and in an aggregate of \$13,000,000, represents a superficial view of the gleanings. Truly, Orientals are not alone the skilled artisans in tricks that are mystifying. Hosts of cases of burnt fingers followed this tidy deal. It was one of the smoothest, attended with less genuflexions, caused no panics, sailed smoothly along, like a modern submarine craft; carried vast freight, and landed the cargo and super-cargo in a haven of opulence. The methods were simple, unostentatious, successful, admirable!

## CHAPTER VIII.

### An Insider's Mistake.

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#### A PROFITABLE EXPERIENCE.

The ear-marks of ye real manipulator are not always as long and prominent as the ears of the animal Baalam once rode. The distinguishing characteristics of this biped are, however, sufficiently pronounced and diversified to enable a tolerably shrewd guess as to his identity. Being a man, then, he is only mortal, and his frailties are a part of that inheritance. The Insider whose treatment is under consideration in these pages never made but one notable mistake—officially.

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## Wall Street by the Back Door.

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It is not a mistake, *per se*, to employ an *avant coureur*, or press agent, as one insider does—sometimes. His entrance upon the stage as a vender is heralded by a proxy's use of paid advertisements. These announcements, like the ink from a certain fish's tail, only becloud and befog the air. They are so much dust only, and designed to lead the speculator *into false avenues of knowledge*.

There once came into Wall Street a manipulator from a section where trading in railroad stocks was then unknown. This man enjoyed rare grazing upon the succulent pastures, under which gold was then, as now, found.

He migrated, as he announced, for various reasons. One such was that trading in

## An Insider's Mistake.

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gold securities, or mining stock, had fallen into the sear and yellow leaf of imbecility—had gone where the woodbine twineth, indeed.

Another reason vouchsafed for his arrival in effete East was that he had guessed the game of Flood and O'Brien, and had gathered together some three million dollars.

His advent was accordingly heralded in Wall Street circles with many trumpets, more terrapin dinners, still more paid newspaper announcements of his real intentions.

All this dust was emasculated from the picture of real acts, with one exception.



The lately lamented Gould was then in the flesh, and very much in evidence, indeed,

## Wall Street by the Back Door.

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as a potential entity in Wall Street. In fact, Jay was at the zenith of his fame and prosperity. Men who had for years publicly denounced him and his methods began to recant, and a few such actually sat at banquet tables with him. His political campaign donations may have been contributing agencies, as they were in six figures. He was likewise fresh from the fields of conflict with old Cyrus Field, whose dethronement has heretofore been noted. Then, too, his numerous opposition telegraph companies were absorbed by the interests at that time controlling Western Union.

Our suddenly rich \$3,000,000 fledgling may have been envious of the wizard's fame. In any event, he made, at this point, his first public mistake, by announcing, and



## An Insider's Mistake.

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attempting to carry into effect, his real purpose.

In the Gotham dailies appeared a statement reading substantially like this:

“Jimmy says he will have Gould on Broadway within a year, with a hand-organ and monkey.”

The outcome is widely and generally remembered, no doubt, by students of financial episodes in the Street. Gould maintained business at the old stand until he died, many years afterward.

The fledgling, on the other hand, cut one of his *dentes sapientae*. He likewise sharpened them, for he gnawed a file in his contest with Gould. The particular file in this instance was Union Pacific, one of the pets of Gould at that time.

## Wall Street by the Back Door.

The three million dollars of our newly rich manipulator was cut into two parts, after the contest, one-half going into Gould's coffers, the other having been previously settled on our friend's wife. This nest-egg was the basis of his future prosperity.

Fools never change. Wise men often do. The meat on which this, our Cæsar, feeds, will be described in subsequent chapters.

## CHAPTER IX.

### Enter Goliath and the Hero of Cordage.

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ONE TALENT WAS SUFFICIENT.

Pigmies in the financial arena have been tentatively treated, heretofore. Their brazen, loud-mouthed methods have been shown, and their failures. Henceforth discussion will apply to the merits (?) or the converse of the virile insider. It has already been pointed out that this *genius* is the exact opposite of his imitators. He herds in a flock by himself. Some critics, perhaps with a grain of malice, have been quoted

## Wall Street by the Back Door.

as thanking the Lord that so few of the species live.

Whatever the reason, the truth remains that insiders, like angels' visits, are few and far between. An impartial and competent compiler of statistics on this head, during the past three or four decades, can sum up the list, in North America and Europe as well, on the fingers of one hand.



One such man only is now living in this country. Another, whose life was full of honors, died recently. The latter had been in retirement for several years from the market. A mighty Goliath he was, in his generation. Tape values, emanating from the Gotham Exchange, were mere soap bubbles under Cammack's treatment. Unlike



ADDISON CAMMACK.

*"A man of one talent only."*



## Enter Goliath and the Hero of Cordage.

his successor, a greater man in all particulars, Cammack could play but one role—that of “bear.” For at least twenty years, in the zenith of his fame and prosperity, Cammack’s press agent (for ye genuine, real insider has a full-fledged, thoroughly equipped press agent), swelled the financial and reading columns of many metropolitan newspapers with real, but mostly imaginary, accounts of the Cammack accomplishments.

Of course, a portion of such notices had a stray grain of truth in them. The bushel of chaff, however, made it difficult of discovery. Cammack was feared, and with just cause, by all who essayed to guess his real movements.

Unfortunately for his fame, at the hands of an impartial commentator, Cammack

## Wall Street by the Back Door.

possessed but one talent, as has been noted above.

He may, be it hoped, reap his reward hereafter, for, verily, "to his one he added yet other hundreds of talents: a good and faithful servant"—as he was. He was charged, frequently, with hiding his light under a bushel, and because, as alleged, his deeds were evil. He certainly owned the bushel measure for ducats before his retirement.



### HERO OF CORDAGE.

When "Industrials," now legion, were first listed on 'Change in Gotham, "Cordage" easily ranked as the Kohinoor of the collection.

As its name suggests, this stock repre-



## Enter Goliath and the Hero of Cordage.

sented the amalgamation of a majority of the cordage manufacturing concerns in the United States. The press agent explained at great length the dead-sure thing in dividends of the amalgamation. The roseate-hued "investment" characteristics, likewise, ascended to the heavens, in verse, prose, and on the "curb" by voice. Fish were shy at the outset, but the press censor was not then in evidence, so the "certainties" of the investment in Cordage shares continued to be voiced, and sung, even more vociferously.

Still the "room-traders" only would walk into the net, and then only on their margins.

With the daily fluctuations following, the tape quotations were congested, monopolized.

## Wall Street by the Back Door.

Apparently the lambs in flocks were coming into the grazing preserve of the Insider. The most enticing incentives were disseminated. The bars were let down. Everything was wide open. The engineer at the throttle put on 150 degrees of steam. Still the dear public kept aloof, so long had they been instructed solely in the values represented by railroad shares.



And now, if you please, observe the protean characteristics of the true Insider, for he was in command; trod the quarter-deck alone; was absolutely autocrat of the situation, as he always is, must be, would he achieve success—and he never yet entered Wall Street solely for his health.

One Insider—the one and only one now

## Enter Goliath and the Hero of Cordage.

living—can be either a bull or bear. He knows full well how to love either charmer, if the other's away.

His is not an epidemic like the leopard's, unchangeable. Neither are his spots. But results best point the truth of allegations.



As has been noted, all the wiles, artifices, devices, and methods of the press agent added to the soaring quotations of Cordage stock—all these had failed to bag the game, *i. e.*, secure the public purchases.



### THE CORDAGE DEAL.

When the Colossus of Finance was invited to manipulate the stock of the amalgamated Cordage Trust, he accepted—but on conditions.

## Wall Street by the Back Door.

One of these, and the most material one, was that he should be given sole custody (not absolute ownership, mark you) of seven-eighths of the capital stock of the corporation. Our manipulator is far too shrewd to actually invest in any such securities (?).

Well, the tin box in a safe-deposit vault was once more utilized. The key was solely in the possession of our magician. This careful arrangement left but one-eighth of the capital stock afloat, or in the hands of outsiders.

The crank was soon turned, the throttle opened, and the tape-values, or records, at once responded in advancing quotations. Moths are no more certainly attracted by a burning candle than are Americans and

## Enter Goliath and the Hero of Cordage.

Englishmen by rapid and extensive fluctuations in stocks. This the Insider knows, and acts accordingly. His votaries are, unknown to themselves, under a post-hypnotic spell. As the late Phineas T. Barnum expressed the matter: "Americans, especially, love to be fooled."

After some thirty days of activity, the holders of the outside one-eighth of the floating stock became nervous, then envious, next certain of their ability to determine the future trend of prices in Cordage.

Had it not advanced steadily and immensely for a month? Wasn't that advance heralded, in the press, as based upon the "earnings of the concern?" Could there be urged a plausible reason why a seven per cent. dividend stock should

## Wall Street by the Back Door.

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not command \$200 per share? Wasn't that the investing status of Third Avenue, Harlem, and Lake Shore? Certainty of such sound premises, too, was accentuated, day by day, in the financial columns of the great dailies. *These* could not be subsidized.

The daily record of the tape was even plainer to our wizard than was the handwriting on the wall to Belshazzar. In that instance one Daniel was called in, we are told, to translate. In the tape matter, however, the maker of quotations was also his own translator.

Our Colossus, accordingly, soon discovered that brokers were buying vastly more stock than he had ordered sold.

It took no mind reader, under these con-

## Enter Goliath and the Hero of Cordage.

ditions, to know, cock sure, whence came these holdings. Retribution was, and always is, easy under these circumstances.

The toboggan-like slide, after this discovery, was dominated, engineered, by Our Hero accordingly. Paper profits of nibblers melted away like glaciers in the Gulf Stream. The manipulator simply went short of his own stock, and knocked the bottom out of quotations quite as easily as he had boosted them.

Tumbling quotations were even more accelerated than the prior rises. This, too, was steady, and accompanied by fulminations as to adverse rumors—over-production; gold exports, and kindred skeletons. The pyrotechnics attracted a horde of followers, naturally. Soon the market became

## Wall Street by the Back Door.

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horribly oversold. Delivery day, or the day for settling "seller 30, seller 60" sales, drew near apace, and yet nearer. To many it was a veritable Day of Judgment. Contracts for future deliveries, which is another explanatory phrase for shorts, had piled up in brokerage offices by the ream. *Most* of such deliveries were to be ultimately adjusted in the unknown, or unrecognized interests of our genial Mephistopheles.

*Somebody* sold short on Cordage, and that somebody's orders came from such staple sources that the brokers were envious, each of the other, for a slice of pie from such tables.

Trailing along in the van, or in the wake, of this avalanche of short sales came, of course, the votaries at the shrine of this



## Enter Goliath and the Hero of Cordage.

Molock. Their members, as also their sales, were only limited. In their aggregate, nevertheless, they constituted the correlation desired by Colossus.

Settling day finally opened. The then American king of dudes, E. Berry Wall, of Cordage renown, was strictly "in it" from start to finish. "Others also ran," it's true, but Berry walked only. His locomotion as a pedestrian had been acquired in two separate spheres. He dropped those attainments secured in the rope-walk (for he was of the Wall family, of Wall Street, engaged in manufacturing rope, hence his identification with Cordage), and became, as we have seen, a cake-walk, dudish perambulator. Then, again, Berry knew the turn of events in the manipula-

## Wall Street by the Back Door.

tion of Cordage, or said he did. This positiveness, in its turn, caught several dudish imitators. All of them boasted (on paper) large profits, when Cordage soared upward. But the collapse, sudden and terrible, of the Cordage Trust brought retribution ruinous to these light-weight "speculators."

## CHAPTER X.

### How An Alleged "Insider" Failed.

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#### HIS HOROSCOPE CAST BY OTHERS.

Considerable attention has been bestowed upon emphasizing the postulates advanced in one form of reasoning employed in these pages. This is the style, before announced as *reductio ad absurdum*, or "all other conclusions must *be* nonsense."

It has been the purpose, then, to alternate these arguments, interchanging positive assertions with those of the other style. This purpose will continue to dominate the arrangement of incidents, as the arguments advance to a conclusion.

## Wall Street by the Back Door.

We have seen, in the foregoing chapter, how the Hero of Cordage amassed wealth and prestige in a single transaction. It is now in order—to identify our man—to offset that picture by one in another setting. This one is a “failure.”

“Now Barabas was a robber.”



Perhaps no more impressive instance of a signal failure could possibly be selected than that of Villard, once a fairly competent pencil-pusher on the metropolitan press. In some unexplained manner he had become acquainted with a few financiers, probably while playing his avocation.

As to finances, stocks, debentures, etc., these were as Sanskrit to him, when he was called into action. His horoscope had been

## How An Alleged "Insider" Failed.

cast for him by others, however, and he was selected to run the most notable "blind pool" in Wall Street's history. Northern Pacific was "dead." It was putrid, in fact, financially, at that particular time, and the remains were ready for interment. The corporation's bones had bleached almost to dust on the plains, when thrown out as worthless by Jay Cook. It resembled the plains described by the Scriptural reference to dead men's bones resuscitated by Eze-kial.

This precious scion, whose name, it is said, was not Villard at all, any more than it was Smith, enjoyed a meteoric renown. His name became one of international scope, for a season. In the end, when it came, his fame was characterized by the

## Wall Street by the Back Door.

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sentence following: "He smells as bad as a dead whale on the seashore."

He accepted the "trust," however, and posed under the nom de plume of Villard, and twice became a curtain-raiser. His public acts are a part of the financial history of the last twenty-five years, and are, therefore, legitimate topics of discussion. His solid gold spike, driven by him at Yellowstone Park to commemorate the *entire* of Northern Pacific into the company of real good things, actual dividend investments, needs no comment here. Northern Pacific soon relapsed into financial rottenness under his touch—"the touch of death"—like the maid of Cleopatra in Dickens's "Dombey and Son."

Villard posed as a bankrupt, caused, it

## How An Alleged "Insider" Failed.

was stated, by "sacrificing his fortune in supporting the N. P. securities." The directors of the Northern Pacific Company voted Villard a \$30,000 condolence. With this pittance, as his alleged remnant of millions, and his alleged all, he returned to his Dutch ancestral home—for a period.

All this time, bear in mind, he never even so much as attempted the impossible impersonation of an insider. He was merely a stool pigeon.

In a few short years these same blind-pool financiers rehabilitated the N. P. (or N. G.) and recalled Villard to the helm. It was at this epoch, and soon after installation, that he evidenced self-importance. He provided himself with a press agent, entered Wall Street, attempted the manipu-

## Wall Street by the Back Door.

lation of N. P. shares, and collapsed, bringing down the corporation once again into ruin. Then he left the country—for the country's good, enemies might affirm, with some show of reason. He is now dead.



## CHAPTER XI.

### Another Golden Spike Re-Mor- ganization.

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#### A CHRISTENING IN THE SUNNY SOUTH.

Still another Golden Spike incident shot athwart the financial skies during the summer months of 1900.

Followers of the episodes mentioned need not apprehend a recapitulation of the Villard coup. There being nothing new under the sun, it appears singular that this last Spike affair should have been characterized a golden one. Iron, steel, any other metal, indeed, could have been used, one would

## Wall Street by the Back Door.

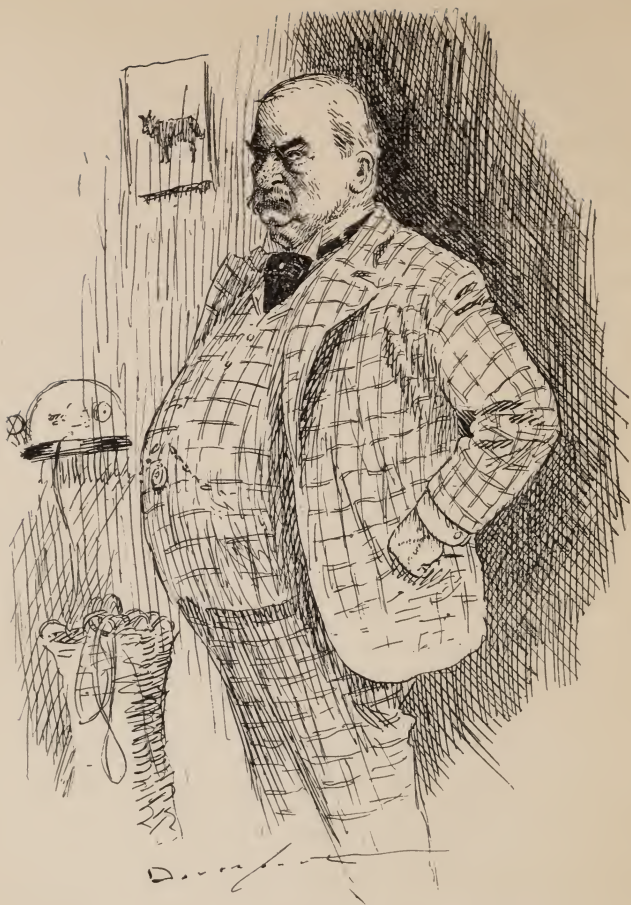
think. Then, too, the bombastic announcements of the consummated event, recently celebrated in the Sunny South, were singularly like the Villard affair.

The question naturally arises, could the blind-pool magnates in each case have been the same?

Reorganization, and organization, are by no means correlative, or even interchangeable terms. It may not be amiss to explain their separate uses and meaning.

An almost suicidal war, and one of seeming necessity, for patronage relentlessly waged between most of the railroad properties ramifying the Southern States. Different ownerships, different managements, diversified patrons—these and many like factors were so many entering wedges





J. PIERPONT MORGAN.

*"In at the birth, the christening and the interment."*

## Another Golden Spike Re-Morganization.

in their amiable business relationships. The inevitable resultant effects were patent to all farseeing men of affairs, more especially to such as cast longing eyes upon their ownership.

So much for organization. The term "reorganization," on the other hand, has, of late years, been coined into "Re-Morganization." Possibly intended to imply that J. P. Morgan, the distinguished banker, knows something about railroads. This renowned individual has, beyond question, been in at the birth, the christening, and the interment of many corporate careers.

It would require more space than is at command in these pages to give even an outline view of all these.

## Wall Street by the Back Door.

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merriment in his antics. His loud-mouthed interviews seemed but unauthenticated vituperation.

Williams has ever been dubbed a modern Cæsar, plunging into the whirlpool of financial encounter with seemingly frightful odds arrayed against him. Whether his reward will be oblivion, like Villard's, or a palace, a yacht, and the golf habit—as accessories to a plutocrat—time alone can determine. Fortunately, as some think, he appears lately to have subsided.



It is one thing to own a lot of “watered” stocks, and quite another affair to unload them. Stocks have but two uses. One, to be employed in electing directors; the other, to be sold.

## Another Golden Spike Re-Morganization.

Even such a financial giant as old Commodore Vanderbilt did not live long enough (and he was about eighty years of age when he departed this life) to unload his holdings. His successor, William, had neither the experience nor the brains to do it, although he dumped \$60,000,000 of New York Central at \$130 on the blarsted British, "doncherknow." The Commodore's holdings, however, were a veritable mountain, and Bill did tolerably well, considering his attainments.

Re-Morganization, however, has entered the ring. Through this subtle, hypnotic medium, countless dumpings have been made. But, with such dumpings, it became necessary to have ups and downs to the market. Even Re-Morganization apostles

## Wall Street by the Back Door.

rose equal to such emergencies, and availed themselves of the kindly offices at the only source of supply for such a commodity.

Plainly, one insider must be employed, on his own terms, in all such transactions, otherwise dismal failure ensues, as a necessity.





ROSWELL P. FLOWER.

*"Lord High Protector of Brooklyn Rapid Transit."*



## CHAPTER XII.

### Lord High Protector of Brooklyn Rapid Transit.

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BUT HE WAS ONLY A NOVICE.

The late Governor of New York, Roswell P. Flower, came upon the stage of national finances some four years or so ago. He had long been a noted private banker, prior to his advent as a so-called manipulator of stocks. His financial birth, like that of Augustus Cæsar, was deemed auspicious. Equipped with large personal resources, coupled with an untarnished name, and with a host of followers, he was, indeed, useful—to his sponsors.

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## Wall Street by the Back Door.

An intelligent understanding of the conditions surrounding the street railway system of Brooklyn, at Flower's entrance, is in order, to such readers as may not be fully informed on that head. That great City of Churches was then traversed by clashing, divergent, incongruous systems of surface and elevated railway lines. Some three elevated systems waged a fratricidal warfare, each against the other. Four horse-car surface lines were constantly cutting each other's throats. That eminent type of philanthropists (the "only" and "pious" Deacon Richardson) controlled two of the latter class, and for years successfully "enjoined" the promoters of either elevated or real rapid-transit systems. The truly good man did not, it is quite true,

## Lord High Protector of Brooklyn R. C.

improve his own lines. Neither did he break his neck, nor lie awake o' nights, devising schemes to accommodate the public. His loftier ideas, for years, soared as high, and a little higher, than the supports of the structures erected for rapid transit (?). These arteries of progress remained for many moons, monuments of the Deacon's hate. His attorney, in injunctions vs. these improvements, was General Benjamin Tracy, and the two worthies fought a good fight, till the former was finally called upon to die; then the rapid-transit elevated systems grew apace.

Tom Johnson, at that epoch, appeared upon the scene of action. Tom, the apostle of single tax and a rail-mill owner, from Ohio, had mortgages on most of the

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surface roads at that time operated in Brooklyn. Two of these systems, like ripe apples, fell into Tom's basket—upon foreclosure. The amalgamation, under the euphonious title of the "Nassau System," followed. Into this new management Johnson interjected some enterprise, it must be conceded. He ran his cars from East River to the ocean for one fare—a nickel. He succeeded, too, in getting the right of way over the Brooklyn Bridge, and still continued the nickel fare. All the others followed suit.

To add to the clearing of the way, at that time, the head and reputed owner of the Atlantic-Avenue-Steam-Line-Rapid-Transit, Austin Corbin, was also laid under the daisies.

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The late Governor Flower was then "seen" by capitalists, whose hands must not be made public. Money was in supply practically unlimited by his brokers—at least, convertible securities were, which is much the same.

The real ownership of the consolidated systems, which soon followed the Flower "touch," was then, as now, an apparent mystery—to some. The secretary, treasurer, and manager, however, came into harness with the Flower regime, fresh from twenty years of service in the offices of the New York Central Railroad Company. The guess of *his* master's name was not, therefore, hard to make.

The unification of such securities, as then represented the *deluged* Brooklyn roads,

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required vast backing—and got it. The entire network, the amalgamated outfit, ran into a seemingly homogeneous whole (hole?), like molten metal—and, behold, the present system and name, “Brooklyn Rapid Transit.”

The Governor began his work as a veritable novice. The balloon-kiting quotations ran up the listed price, \$60, in short order, to \$150 per share. Unfortunately, as a novice, the Governor didn't *know* the efficacy of the tin-box-exhibiting role, like others who have been mentioned in these pages. Neither did he have practical knowledge of the absolute necessity of controlling, in a strong-box, more than seven-eighths of the stock. He only held five-eighths of the capitalized system, and



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didn't know what to do with even that much. The end must be apparent, from the beginning, to such readers as have followed this syllogism.

Like Stockwell, and his brace of confreres heretofore enumerated, the financial sun of Roswell P. was in eclipse.

Among other cogs missing in his wheel, he lacked a press agent, and attempted that role himself, ludicrous as it may appear to some readers. One of the ebullitions, on a single occasion, will accentuate his utter unfitness as an insider.

Here follows a beautiful specimen, sent through the land by Associated Press wires:

“Governor Flower will protect Brooklyn Rapid Transit, if it should need protection, with his whole present fortune of

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\$20,000,000. The shares are in demand at \$120, so protection seems unnecessary."



Brooklyn Rapid began to weaken; then to be "heavy"; then to tumble. Realization by room-traders was announced as one cause. Unloading of a large bull pool was another.

The shares melted away from 5 to 20 points in some days' transactions.

Down, down, down, continued to go the tape quotations, until chaotic conditions prevailed among traders in that particular specialty.

At about this stage of the game the Governor left the scene of action and died most suddenly at a seaside retreat. Acute indigestion was the announced cause of his

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demise. Critics—a few—affirmed that the food was too rich for the Governor; that he bit off more than he could chew; the food was toothsome, the Governor toothless—all of which tributes were laurel wreaths—perhaps.

But who killed this Cock Robin; Scriptural authority declares it impossible to despoil a rich man's house, unless you first enter and bind the owner. Who could beard such a lion in his den as this Cræsus? Who, indeed, so bold as to even enter the vaults, flooded with his "securities," personal and otherwise?

No mortal could do it—if Flower had really held control of seven-eighths of the capitalization and had known how to manipulate the shares.

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By the entry of his vaults is meant to signify the dominating, effective cause of the fall in Brooklyn Rapid.

That values (quotations is a better term) really melted—the fact is history. Flower didn't cause them to tumble. Neither did he dump the shares on the public. The control remained, and still continues, in the directory of that amalgamation.

Had the Governor been a veritable Insider, he would have exhibited his control to detractors, and spiked (apparently) that cannon. But he was a novice—peace to his ashes and memory—and wasn't the man behind the guns at any stage of the proceedings.

*Somebody did* enter this den, like a Daniel of old; *somebody did* take possession, as

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the sequel of events demonstrates; and all these events, be it remembered, are recent history.

A press agent, of the true-blue type, stepped into the arena. Rumors, dire and pregnant with innuendos, appeared in the reading columns of the metropolitan press.

Down, down, went the rating and credit of the "Rapid," as it came to be styled. It appeared to be engulfed beyond resurrection. After shaking out weak-kneed margins and stop-orders the market was, one fine day, discovered to be oversold. The shorts, emboldened by reams upon reams of other short sales from some *source*, but never covered, found the squeezing time at the door once more.

Presto! The corpse was resuscitated.

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A reward of twenty-five thousand dollars of gold coin of standard weight and fineness was advertised, and still is, for the defamers of the good name of Rapid. It is hardly necessary to advert to one or two arrests in this connection.

As in the case of Jarndyce *vs* Jarndyce, so in this instance. A judgment on the Day of Judgment may probably be expected.

Yet, *some one* sold Brooklyn Rapid Transit short and squeezed shorts on the upward rebound. Who was it?

Only one living man could have done it. All deals nowadays must have *him*, or fail.

“All these things availeth nothing, so long as Mordecai sits at the King’s gate.”

## CHAPTER XIII.

### The “Dipper” Simoon.

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#### OUR HERO AT THE TILLER.

Should any skeptical reader demand further proof of the soundness of the postulates advanced, and the logically truthful conclusions therefrom, let him in fairness follow subjoined facts :

The simoon which visited the Street on Thursday, May 9, 1901, buttressed every contention in these pages. Let's examine the matter briefly before dogmatizing as to conclusions.

Can any one, if informed, controvert the

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allegation that one — only — veritable Insider, the Colossus of these pages and of the Street as well, was—must have been—the manager of the pyrotechnics?

He dominated the situation from the time they were off till the Clearing House people put the tiller down, causing the craft to come into the wind and shake. No other living man than he owns the mental equipoise, is equipped with the experience, possesses the nerve, can muster and command the brokers needed for such enterprises. An outsider would be devoured by the commissions, even though he might own, absolutely, a half-dozen national banks.

This statement, surely, should not be called into question. Millions on millions



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of shares were recorded; billions on billions of dollars were represented in any one or two weeks' aggregate transactions of that period.

Only brokers can handle such transactions, and they lawfully demand and receive a stated commission—unless they act by the year, as a family physician or an attorney sometimes acts. A bit of figuring, then, on any week's totals in the Street will establish the statement advanced, *i. e.*, that over ninety per cent. of the transactions are "wash" sales.

The chief character of this book has been called by many names, but never has he been called a fool. Even cartoonists have attempted to characterize him times beyond mention. One such cartoon, fol-

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lowing Blue Thursday, merits a brief notice. The artist calls our Insider a bell-wether. Ye gods, what next! Under his cartoon are the words: "Same old shares; same old shearing." Yes, the same old shears were in use on May 9, 1901. So, likewise, verily, were the same old shares. What memories the mere transposing of a few letters awaken!

Indeed yes, the shares were there again. The same stuff, it was and is, that was contaminated, in the opinion of many victims, by the touch of Cook and Villard.

Apropos of Villard, right here; his estate was officially announced in Gotham one day, only, after the simoon described. Funny coincidence, wasn't it? Then, too, these official statements declare the late

## The "Nipper" Simoon.

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defunct's estate to exceed two million nine hundred thousand dollars. Phew! Whew! Whew! Surely some mistake somewhere! Who could have made it? Villard was bankrupt, as alleged, not many moons prior to his demise. The "Nipper" directors voted him a sop of thirty thousand dollars, poor soul, and it was heralded broadcast as all he had left after the crash.

Official confirmation this of the allegations as to Villard in this book. Next!



One Insider isn't, never was, never could be, a bell-wether, as depicted by the cartoonist. In the first place, his nationality (he is Scotch) stamps him as too virile for a stool-pigeon. Next, his Mount Shasta life and experience, when he first landed

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in North America, emphasizes this impossible role. Then, too, his legal lore—for he is a lawyer, as some know; not many—stamps it as unworthy of such a member. Again, his career, from Mount Shasta to 'Frisco, as an itinerant peddler of window shades—perfectly well known, by some—minimizes the probability of the application.

Then, too, his *entree* into 'Frisco Mining Exchange, his clairvoyant episode on that Board, where he was recognized as its most brilliant, forceful, and fearless member, deny the imputation of bell-wether.

And yet, again, he bought "Yellow Jacket" shares at \$40, pyramided his modest holdings; was, in consequence, not particularly noticed by Flood; followed Yellow Jacket's squeezing of shorts to

## The "Pipper" Simoon.

\$7,000 (not \$1,000, mind you; but \$7,000), and, as clairvoyant, got out near the top and cleaned up \$2,000,000 hard cash.

Then, again, he entered Consolidated Virginia, near bed-rock quotations, when Sharon-Mills-Jones people began boosting it, and raked off another round million.

The beguiling overtures made to him by emissaries of the management of Consolidated Virginia to re-enter the "sure-thing" arena for more lucre, were cast aside by Our Hero. "I'll never play again at another man's game," declared he, publicly, on the streets of San Francisco. "I'm going East to New York, where I'll have a game of my own henceforth," he added. And he did so, and has been in evidence—sometimes—as a potential entity ever since.

## Wall Street by the Back Door.

He has never been the tail, but the dog, always, that wags the tail. Bell-wether, indeed—*avant*.

If some capable cartoonist—fully informed as to the merits and achievements of the great Insider—wants to delineate him, as he now is, let him follow, if inclined, some such suggestions as come from an examination of above averments, and the following, also: Outline him as a three-headed, seven-sensed figure. His visual organs, too, are perfect. He doesn't squint—has no strabismus.

He is not a pilot of fledglings, or lambs. Full-grown, succulent, Southdown mutton is his diet. Like his predecessor, our Cæsar waxes and grows fat on mutton. He isn't a shoe-string gambler. Let bucket-shops

## The "Pipper" Simoon.

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shear lambs, if they will. Our Insider likes a well-filled bank account; a buck, full grown and aggressive, and able to lose. Lambs, indeed. Never. Never.

Paragraphists, who never knew the man, defame him by such insulting comparisons. By all means, let us "render unto Cæsar the things that are Cæsar's." And, to round out the source of the text, let it be, once for all, declared that, instead of lambs, our Goliath feeds on sheep and—"other sheep he has which are not of this fold."



Well, to the 9th of May simoon once more, and the moral its examination will accentuate.

The drivel of quoting Morgan *vs.* Hariman as cause and effect is idiocy of diction.

## Wall Street by the Back Door.

Our Hero's press agent covered his master's footsteps admirably. One master hand—and only one—conceived, and still carries forward, the several speculative deals, real and putative, mentioned in these days of grace. The financial end of the scheme; the locking up of the major part of the common stocks, so dealt in; the actual community of interest phases, too, are facts and aids to his ends.

Capital doesn't quarrel with capital. It amalgamates as naturally as water seeks its own level.

Uncle Russell Sage headed the list of "I told you so's," and boasted of his loans, then at forty per cent. This malodorous "relative," however, wasn't in the love feast, so far as discoverable. His pick-





RUSSELL SAGE.

*"This malodorous 'relative' wasn't in the love  
feast."*



## The "Nipper" Simoon.

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ings in the Third Avenue deal were rich. So he ought to be content.

Our Insider hasn't yet been quoted as publicly announcing his share of the winnings in Nipper's last corner. He has been there before. He has never made but one public mistake, as we have seen, and isn't likely to make another one—not now.

Verily, verily, a mighty Goliath is this Insider. Mighty in all the qualities that enter into a genius.

All who know him in his peculiar sphere (and not many do so know him) are always ready to lift a hat to him in salutation.

"Go thou and do likewise," reader, if you are convinced of his eminence.

He'll soon leave the stage—probably.

## Wall Street by the Back Door.

In some inscrutable turn of the wheel of fate, a successor to almost all men seems to arise, as emergencies occur. Perhaps that may be the case when Our Hero shall sleep with his fathers, too. Opportunity breeds the man.

As heretofore declared, Gould was the first insider in the United States. At his demise thoughtful men, interested in the Street's operations, believed that deals, pools, and Black Fridays would die with their author. Gould had always lived, as he died, secretive, and boasting one friend on earth—his wife. How he learned his art few persons knew. None from him direct. His heirs apparent, or even those putative, gave no evidence, and still give none, of being able to become an insider.

## The "Ripper" Simoon.

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Nevertheless, Gould's grave had scarcely grown green ere Cammack vaulted into the arena, but never able to fill Gould's shoes entirely. Cammack, as has been heretofore stated, was a man of one talent only. He was a master and past master as a bear. Bruin himself never knew a bee-tree when he saw it more thoroughly well than did Cammack know how to squeeze shorts. He also knew, better than any other living man, in his hey day of operations, how to lead the lambs into his pastures.

So Cammack, at least, half filled the requirements of a successor. But, said many: "No successor to Cammack is in sight. \* \* \* With his retirement must surely end all the great upheavals, corners, and deals. The sequel proves they were wrong.

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Even at the risk of digression being charged, it seems proper to analyze one alleged factor, who came upon the boards before Our Hero over-shadowed all others, as he soon did after Cammack's retirement—and still does.

Philip D. Armour, now deceased, once attempted to pose as a manipulator after Gould's demise and Cammack's retirement.

Phil was a mighty man of finance; a pig-sticker and packer of international renown; a sphinx, some thought. His consent, therefore, "to talk for publication," when he began his role, caused a ripple of excitement.

Our Hero, at that epoch, had achieved several mamentous successes. Phil knew this. The great Insider was rapidly get-

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ting control of strings to bring out his symphony. Phil knew this, too. But the brave idea of *needing* such a genius, and of sharing one-half each with him, was repugnant to Phil.

Hadn't Phil cornered wheat, and more than once? Hadn't lard fattened his coffers, as well, under a corner? Couldn't he point with pride to canned goods supplied to the civilized world? Wasn't he hard-headed, virile, level-headed; a self-made man, a multi-millionaire? Certainly he was all these.

Why, then, soliloquized Phil, shouldn't and couldn't he manipulate St. Paul? He did, *after a fashion*.

Once his determination on this head was fixed, the pronunciamento of his alleged

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purpose found its way to the public. This is the way he gave it forth:

“Providence, doubtless, could have made a better road, or caused it to be made, than St. Paul; also, a safer investment; but He didn’t do it.”

Solomon, in all his glory, pales into insignificance beside this understudy. His blasphemous effusions seemed, to many, well informed, to foreshadow the ultimate collapse. And it came, and came soon. Investors wouldn’t buy, and Phil resumed pig-sticking. Enough, even in digression, has been said, to accentuate the conviction that Our Hero was needed, and came.

If any further arguments were needed to demonstrate the great Insider’s oligarchy, one glance at the market’s course during



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his absence abroad, in the summer of 1900, would prove it.

He cooled his heels for months, under the mahogany of the Metropole in London; basked under the shadow of the Tuileries on the Seine's bank in Paris; ran his Disguise II., son of the mighty Domino, a close third in the 1900 Derby; saw the same Disguise II. win \$50,000 soon afterward; read the plaintive Threnody arising from the Street circles, at his continued absence; even read the Thanatopsis—awful of death—was the term applied to the Industrials, because of his absence; and still he remained abroad.

The market had gangreen, and was a dry rot. As soon as he returned, however, just as soon did recuperation begin. And

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exactly so long as he continues at the helm, exactly so frequent will be deals and corners, *ad infinitum*, as he may elect.

It is idle, therefore, as well as immaterial, to speculate as to his successor. Nature's abhorrence for a vacuum is not less abhorrent than that of the Street's votaries to a stagnant condition. Some Phoenix can be looked for upon Our Hero's retirement, whatever the cause may be, when he finally stops.

Meanwhile, can any one who has followed these articles, fail to complete the identification?

Not to know him is to proclaim yourself unknown."



PHILIP D. ARMOUR.

*"A pig sticker and packer of international  
renown."*



# Review of the Syllogism.

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## PART FIRST.

A syllogism is defined as “an argument consisting of three propositions.” Such an argument has been herein attempted.

At the outset, therefore, statements and facts were adduced, often introductory comments, in support of the proposition that listed stocks (not bonds, debentures and the like—though it could be demonstrated that their fluctuations, likewise, were due to the same causes influencing stocks) rose and fell, in deals especially, at the behest of *one man*.

The argument proceeds, mainly, along two logical and permissible lines, viz.: A

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*reductio ad absurdum* (reducing a position to an absurdity) line. Then, by direct affirmation, backed by instances, examples, and epochs. All *sine odio*.

### PART SECOND.

The second proposition was addressed to the style of proof in which chimerical proofs were emasculated. Only recent and historical illustrations were enumerated in support of the postulate, nevertheless. Failures of quasi insiders, and the reasons therefore, were enlarged upon, reaching, it is believed, a conclusive position.

### PART THIRD.

Lastly, the argument proceeded upon the assumption of the writer's ability to enable all fairly informed readers hereof to

## Review of the Syllogism.

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exclaim, without further assistance, *Ecce Homo*. How successfully the treatise has thus culminated must be left, of course, to those who have followed the argument. One thing is certain, in this connection, and that is: the constructor of the argument believes the case made out and the proofs to be incontestible.



















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